

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
CEA-01 /091 W  
-----123678 020319Z /75

R 010350Z JUL 78  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 7953  
INFO AMCONSUL HONG KONG  
AMEMBASSY MANILA  
AMEMBASSY SEOUL  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO

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E.O. 11652: N/A  
TAGS : EFIN, TW  
SUBJECT : RUMORS OF UPWARD REVALUATION INCREASING

REF: TAIPEI 04033

1. EMBASSY HAS BEEN BOMBARDED IN PAST FEW DAYS WITH INQUIRIES FROM U.S. BANKERS AND BUSINESSMEN SEEKING CONFIRMATION OF MOUNTING RUMORS THAT GROC SOON WILL ANNOUNCE REVALUATION OF NT DOLLAR AGAINST US DOLLAR FROM PRESENT 37.95 TO 1 TO 35 TO 1. BANKERS CITE REPORTS OF FRANTIC EFFORTS BY THOSE HOLDING US DOLLAR INSTRUMENTS TO OBTAIN NT DOLLAR. THEY ALSO BELIEVE THAT IF GROC HAS DECIDED TO REVALUE, NOW IS GOOD TIME TO DO IT SINCE BANKS WILL BE CLOSED UNTIL JULY 4 AND NEW FISCAL YEAR HAS JUST BEGUN.

2. EMBASSY EFFORTS TO LEARN WHAT GROC HAS DECIDED HAVE  
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BEEN UNSUCCESSFUL. SUN CHEU, VICE CHAIRMAN OF COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT, TOLD EMBOFF JUNE 30 THAT NO DECISION HAS BEEN MADE BUT HE DID NOT RULE OUT POSSIBILITY THAT ANNOUNCEMENT OF REVALUATION COULD BE MADE AT ANY TIME. HE REPORTED THAT K. T. LI, MINISTER-WITHOUT-PORTFOLIO, AND PHILLIP C. C. CHANG, MINISTER OF FINANCE, ARE SUPPORTING REVALUATION AS

MEANS TO COOL-OFF OVERHEATED ECONOMY. HOWEVER, K. S. CHANG, MINISTER OF ECONOMIC AFFAIRS, IS AGAINST REVALUATION AT THIS TIME. HE BELIEVES THAT STRONG EXPORT PERFORMANCE DURING FIRST HALF OF 1978, WHICH IS MAJOR CAUSE OF SHARP INCREASE IN MONEY SUPPLY, WILL SLOW DOWN APPRECIABLY IN SECOND HALF OF 1978. WITH DEMAND FOR ROC EXPORTS DECLINING THIS IS NOT THE TIME TO MAKE THOSE EXPORTS MORE EXPENSIVE, AS WOULD HAPPEN IF REVALUATION OCCURRED. K. H. YU, GOVERNOR OF THE CENTRAL BANK AND CHAIRMAN OF CEPD, IS AT PRESENT SUPPORTING CHANG WHILE PREMIER Y. S. SUN HAS NOT STATED HIS POSITION.

3. VICE MINISTER OF ECONOMIC AFFAIRS Y. T. WONG, WHO IS AGAINST REVALUATION, INFORMED ECON COUN JULY 1 THAT PRESIDENT CHIANG CHING-KUO MET WITH SENIOR ECONOMIC AND FINANCIAL ADVISERS JUNE 30 TO REVIEW ARGUMENTS FOR AND AGAINST REVALUATION. NO DECISION WAS MADE AT THAT MEETING. PRESIDENT REQUESTED ADDITIONAL DETAILS FROM BOTH PROPONENTS AND OPPONENTS OF REVALUATION. A SECOND MEETING IS SCHEDULED FOR JULY 1. WONG WOULD NOT PREDICT WHAT THE PRESIDENT'S DECISION WOULD BE. UNGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REVALUATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978TAIPEI04175  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780273-0039  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 1852611  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RUMORS OF UPWARD REVALUATION INCREASING  
**TAGS:** EFIN, TW  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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